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DIRECTORATE OF
INTELLIGENCE

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DIA and DOS review(s) completed.

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JORDAN: The latest cease-fire seems to have taken hold, at least for the time being.

Yesterday afternoon Radio Amman broadcast orders by King Husayn and Yasir Arafat calling on the army and the fedayeen to observe an immediate cease-fire. Arafat's order to the fedayeen was read over the radio by Sudanese President Numayri, head of the Arab mediation delegation. After repeating his order to the army to cease fire, the King urged the fedayeen to "return to their senses." He noted that the settlement terms that he and some of the fedayeen leaders had agreed to earlier now have been approved by the Arab League delegation, and he called on everyone to cooperate in restoring order. Arafat has not accepted these terms, however, and no general settlement has been reached.

Although President Numayri, returning to Cairo with Arafat and the rest of the Arab delegation, has charged that the Jordanian Army has already violated the cease-fire, most of Jordan was quiet yesterday. A newspaperman who toured Ramtha, Irbid, and Jarash with the permission of the commandos reported that all was quiet in these towns, with the fedayeen still in control. The towns, however, were ringed by Jordanian troops. Numayri announced yesterday morning that his delegation had sent a group of Sudanese officers to Irbid to supervise and secure implementation of the cease-fire there.

Jordan is coming under fire from other Arab countries as well. In addition to the usual verbal blasts emanating out of Baghdad and Damascus, Libya has broken diplomatic relations.

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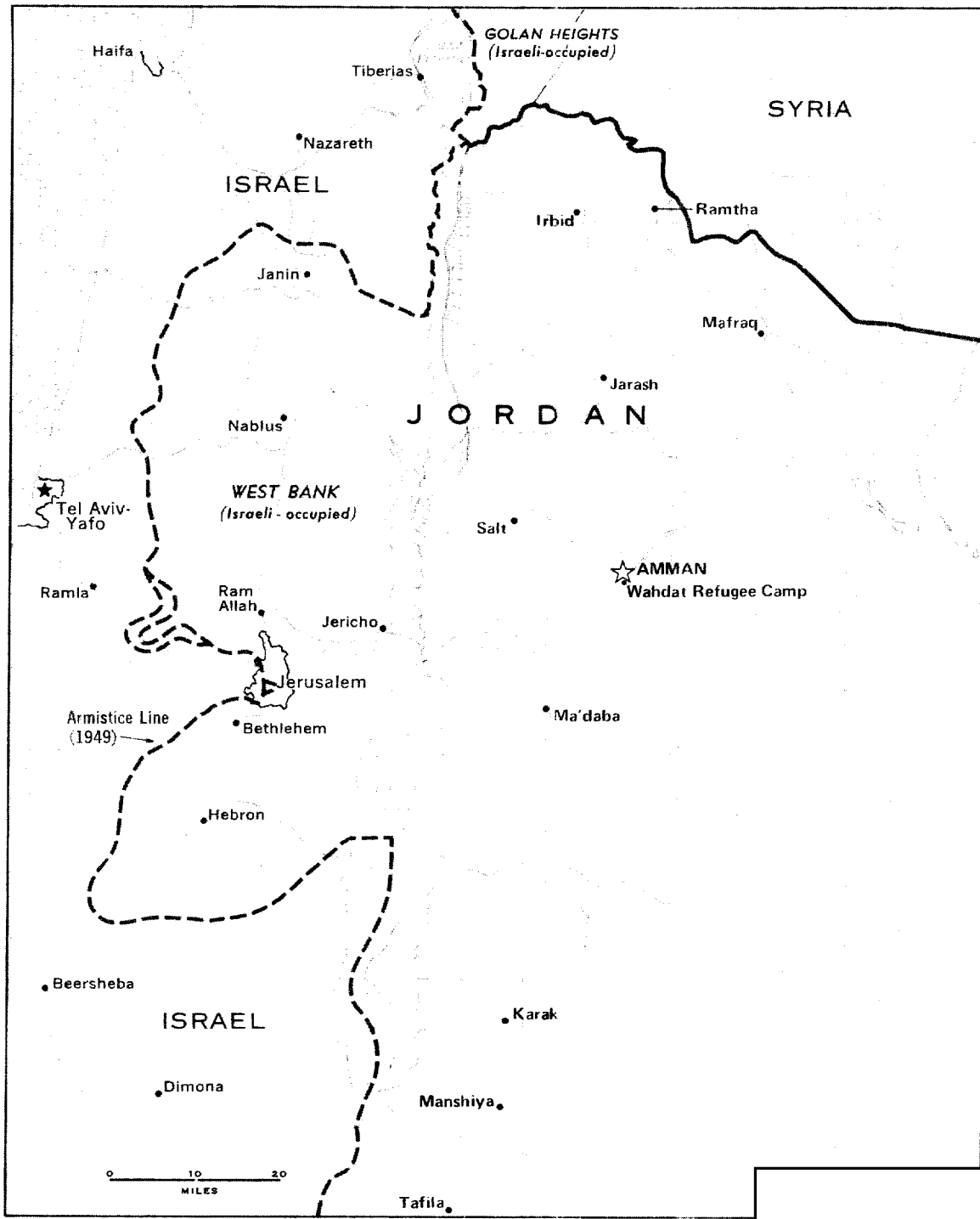
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JORDAN: Current Situation



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[Bitterness engendered by the bloodshed threatens to disrupt the cease-fire. One fedayeen broadcast from Baghdad has rejected it altogether, claiming that the "revolution" cannot continue its fight against Israel as long as the "corrupt regime" in Jordan exists. A spokesman for the Palestine Liberation Organization central committee in Beirut, however, called the cease-fire agreement "a victory." The cease-fire had been accepted to "alleviate the massacre," he said, but the fedayeen would accept no conditions. He admitted that they might be forced to "take a step backward" and "retreat militarily," but threatened "death, massacre, and expulsion" for the authorities in Jordan, including the King.

The Jordanian Army yesterday freed 16 of the 54 hostages held by the guerrillas--two Germans, six Swiss, and eight British. The whereabouts of the Americans and Israeli-Americans are still unknown. The King's confidant, Zaid Rifai, has told the US Embassy that those released are in good condition, but he would not say where they were found for fear of jeopardizing efforts to rescue the others. Press reports, however, claim that they had been locked in a house abandoned by the commandos at Wahdat Refugee Camp. They are apparently being questioned by Jordanian authorities, but may depart Jordan today. []

[] (Map)]

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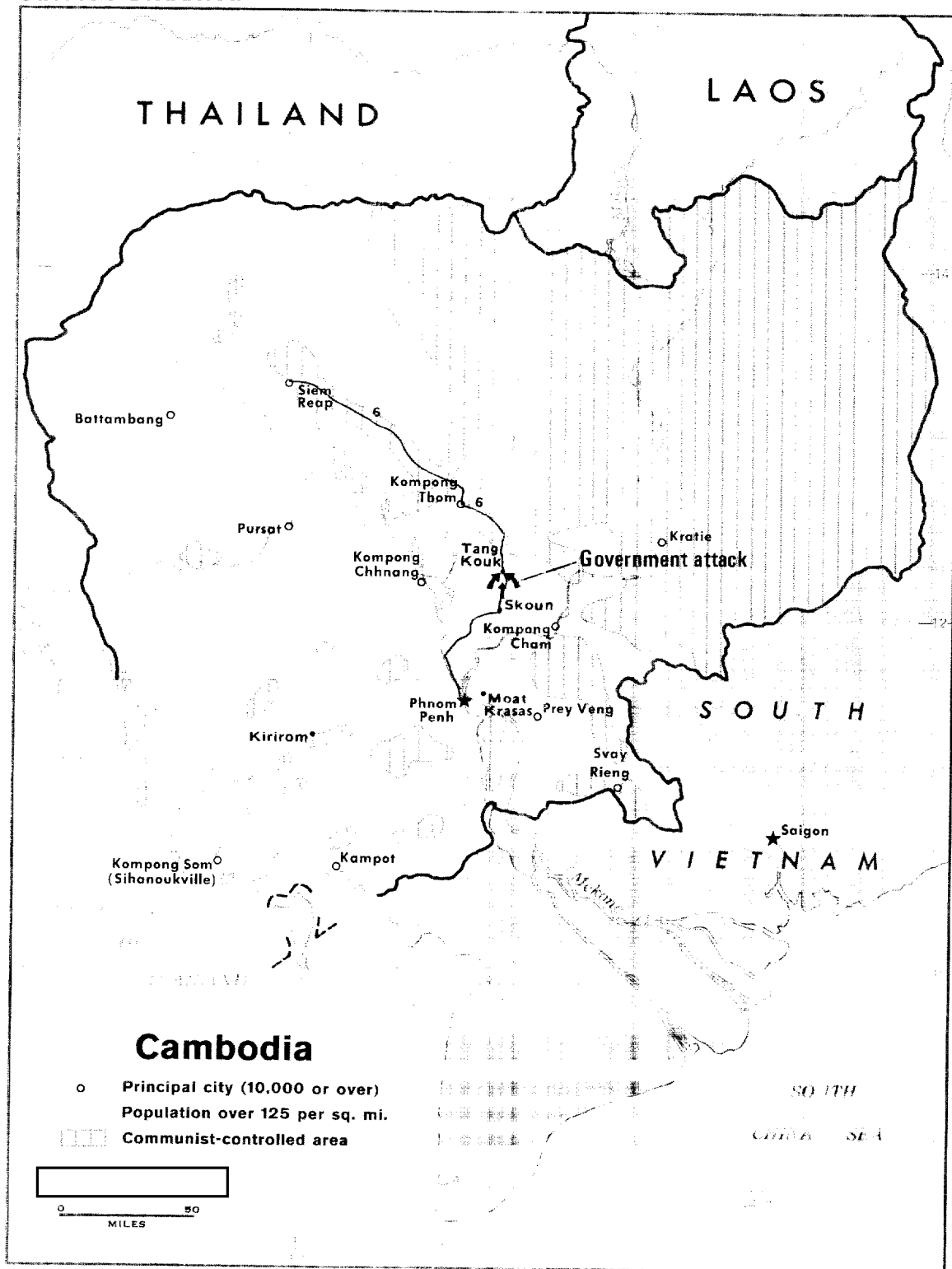
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Current Situation



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CAMBODIA: Communist forces in Tang Kouk village continue to keep government forces at bay, despite heavy air strikes. Two government task forces moving toward the village from the east and the west are within a mile of each other near Tang Kouk, but are unable to link up because of stiff enemy resistance. The Cambodians estimate that there are only about 400 enemy defenders in the village, but claim Communist reinforcements can come quickly from nearby base areas. The US defense attaché in Phnom Penh reports that government forces have suffered more than 150 casualties in the past few days.

A community development cadre who recently accompanied the government column along Route 6 told a US Embassy officer that villagers along the road, now freed from enemy control, indicated their dissatisfaction with living under the Communists. They freely pointed out those Communist collaborators who had not fled when government forces arrived. Among the villagers' complaints were that the Communists did not allow the people to leave their villages, requisitioned goods, and placed unsavory elements at the head of village committees. Although the cadre's remarks may be tailored somewhat for his US audience, they do indicate that the Communists' organizational gains are still transitory and depend heavily on their military presence. (Map)

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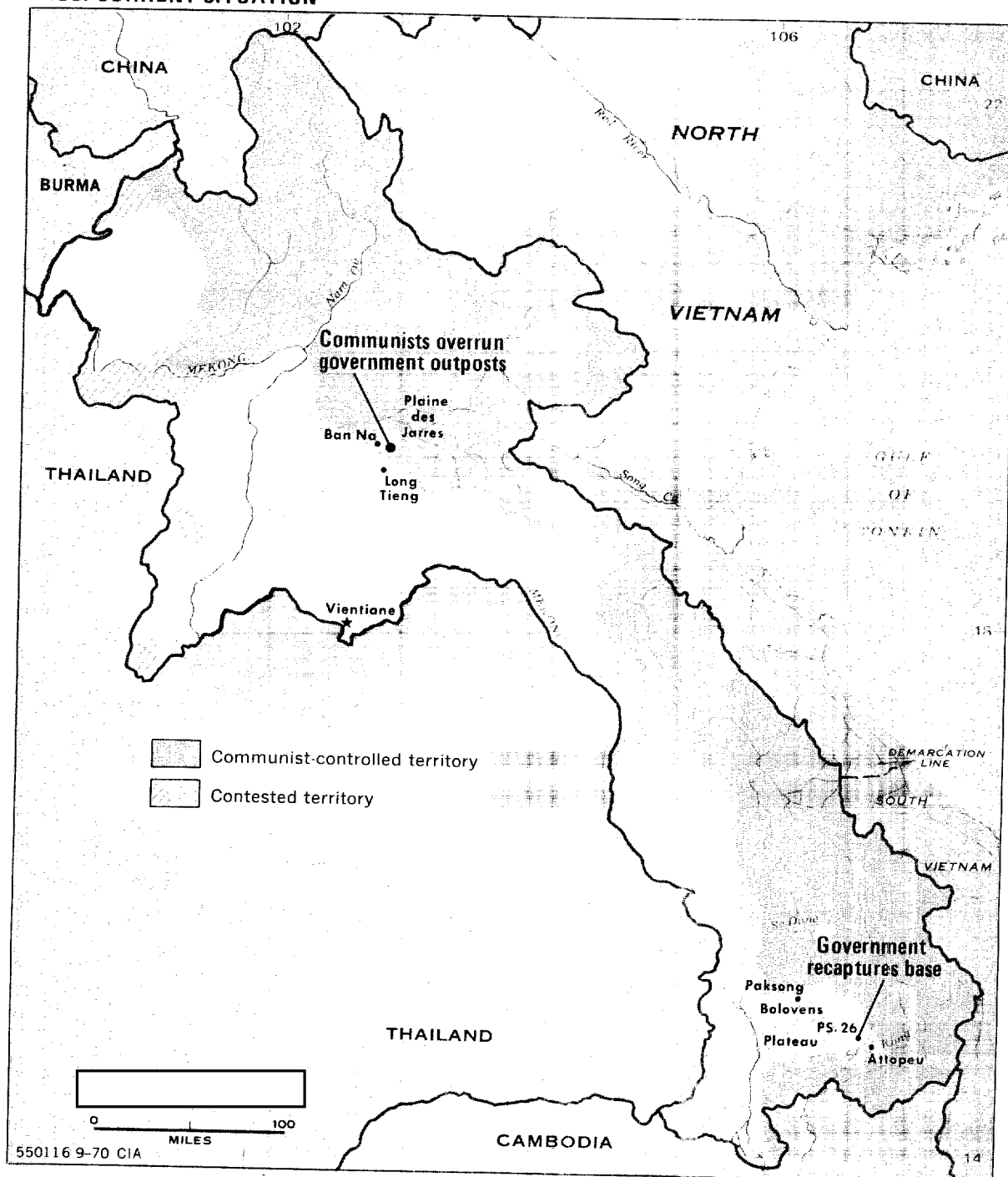
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LAOS: CURRENT SITUATION



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LAOS: The Communists are counterattacking against government forces attempting to reoccupy key positions southwest of the Plaine des Jarres.

On 24 September an estimated 300 North Vietnamese regulars overran three Lao guerrilla outposts within three miles of Ban Na, an important hilltop position commanding the northern approaches to Vang Pao's headquarters at Long Tieng. Nearly one third of the 440 government defenders are still unaccounted for, although it is expected most of them will eventually straggle back to government positions.

Government forces have made some progress in recovering lost ground in south Laos, however. Two battalions of government guerrillas, supported by heavy air strikes, yesterday recaptured PS-26, a Bolovens Plateau base overlooking the town of Attopeu. The base has come under heavy mortar fire by the enemy, however, and the guerrillas may have trouble holding it. PS-26 had been in enemy hands since April, and its permanent recapture would facilitate guerrilla operations against enemy lines of communication in the Sekong valley. []

[] (Map)

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CHILE: The finance minister's nationally broadcast speech on the dire condition of the economy could renew the financial panic that followed Allende's election.

Andres Zaldivar described the economy as an "emergency situation" and stated that the government would be less able to cope with it than with the financial panic of early September. He also said that psychological factors are inhibiting consumer purchases and investment and causing increased unemployment. His revelation that the Central Bank's stock of banknotes is severely depleted and that new supplies would not arrive from the UK for 60 days implied that the government would have great difficulty coping with a renewed run on the banks.

The leftist press has accused Zaldivar of unleashing a financial terror campaign.

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CANADA - COMMUNIST CHINA: Recognition talks appear to be nearing conclusion.

The Canadians have informed US officials that at the latest meeting with Chinese representatives, held on 17 September in Stockholm, the Chinese seemed to accept Ottawa's position of "noting" but not endorsing or challenging China's claim to Taiwan. This formula presumably would be included in any joint communiqué announcing agreement. This is a marked departure from Peking's public stand on the issue.

The Canadians did not tell the US representatives the specific wording on the Taiwan question that they proposed for the communiqué, but they evidently believe Peking will find the terms acceptable and move quickly to final agreement. A Canadian official has said that "in the best and fastest of all circumstances" a conclusion is not expected before 5 October at the earliest. It is doubtful, however, that Prime Minister Trudeau would like to formalize anything just before or during his visit to the USSR from 19 to 29 October.

If Peking expects Canada's recognition to influence UN voting on the Chinese representation issue this year, it must respond positively to the Canadians by early November.

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MAURITIUS: An electoral victory this week by a radical leftist opposition party has dramatized popular discontent with the government.

The Militant Mauritian Movement (MMM), a recently formed opposition party led by radical former students who have returned from France, won a landslide victory in a by-election on 21 September for one of the seats in Prime Minister Ramgoolam's home constituency. The contest had achieved island-wide importance because the prime minister had declared his determination to win the first test with the new opposition.

The MMM waged a vigorous campaign and its program, which includes expropriation of the estates of the few families that control Mauritius' sugar-based economy, was attractive in a constituency where, as in most of the island, there is chronic unemployment and most voters are only semieducated. The principal reason for the MMM victory, however, was the weaknesses of the government. Ramgoolam and his associates, lulled into complacency by the formation of a coalition government last year, have been more interested in enjoying the perquisites of office than in making effective efforts toward solving the island's problems of overpopulation and the one-crop sugar economy.

The MMM has announced that it intends to intensify its already strong campaign for support. The government has so far not indicated that it will attempt to assume a more energetic and imaginative stance.

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USSR-HUNGARY-IRAQ: Drilling at the North Rumaila oil field by the Soviets and Hungarians has started. The Hungarians, who began working in North Rumaila in July, may have successfully drilled their first well and begun the second of four for which they have contracted. The Iraqis announced that the Soviets were to begin drilling on 23 September, about three months behind schedule. This work is being done under an agreement valued at \$67 million signed in mid-1969. North Rumaila is expected to be producing commercially by 1972, and the USSR and several East European countries will receive some of the oil under barter arrangements. [REDACTED]

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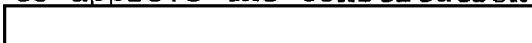


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ZAMBIA: A proposed new constitution for the ruling United National Independence Party (UNIP) would give President Kaunda broad powers. Revisions of the constitution, which were presented at a party caucus on 22 September, would, in effect, sanction the increased personal control that Kaunda assumed over the party--and thus over government affairs--a year ago, when tribal competition for UNIP posts threatened to split the party. Kaunda apparently has tried to retain as many elective party positions as possible, particularly at local levels. The policy-making central committee, however, would be chosen by a complicated procedure designed to prevent destructive power struggles. The national council is scheduled to meet in November and is expected to approve the constitution with few changes.

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CUBA: Fidel Castro has made another important top-level political change. Major Juan Almeida Bosque, who was in charge of all construction activity throughout Cuba, has replaced Major Guillermo Garcia Frias as Political Bureau delegate in Oriente Province. Garcia "will return to the Political Bureau and assume other duties in the revolutionary leadership," it was announced. He was probably shifted because of Oriente Province's poor showing in the recent sugar harvest. [REDACTED]

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